

Message Text

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PAGE 01 SEOUL 01418 220208Z
ACTION EA-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 OIC-02 PA-01 HA-05 H-01 IO-13
OES-07 DLOS-09 L-03 AGRE-00 DODE-00 INT-05
CTME-00 ITC-01 SOE-02 DOE-11 AF-10 ARA-10 EUR-12
NEA-10 /188 W

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TO AMEMBASSY SINGAPORE PRIORITY
SECSTATE WASHDC PRIORITY 9433

LIMITED OFFICIAL USE SEOUL 1418

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SUBJ: REGIONAL ECONOMIC OFFICERS MEETING, SINGAPORE, FEBRUARY
27 - MARCH 1

REF: STATE 36557

1. WHILE IT IS LATE IN THE DAY TO SUGGEST ANOTHER SUBJECT
FOR DISCUSSION, THE PROBLEM RAISED BELOW MAY FIT ANOTHER
AGENDA ITEM.

2. WE HAVE FOUND SEVERAL CASES (AND SUSPECT WE COULD FIND A
LOT MORE) WHERE JAPANESE BIDDERS ON SIGNIFICANT PROJECTS
ARE QUOTING ABOUT THE SAME DOLLAR PRICE AS THEY WERE A YEAR
AGO, DESPITE THE REVALUATION OF THE YEN. WE CONCLUDE THERE-
FORE THAT SOME AT LEAST ARE DUMPING IN LDC MARKETS SUCH AS
KOREA.

3. THE GATT PROVIDES ONLY NOMINAL PROTECTION AGAINST SUCH
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PAGE 02 SEOUL 01418 220208Z

ACTIVITY IN THAT IT REQUIRES THE BUYER TO CHALLENGE THE
SALE (ALTHOUGH ITS INTEREST IS IN GETTING THE LOWEST POSSIBLE
PRICE) AND THE LOSING COMPETING COUNTRY TO SHOW BOTH DUMPING
AND INDUSTRY INJURY.

4. IT WOULD BE OUR CONTENTION THAT THE US IS SEVERELY
DAMAGED BY THIS THIRD-COUNTRY DUMPING EVEN THOUGH PARTICULAR

INDUSTRIES ARE NOT, BECAUSE OF ITS IMPACT ON THE WORLD TRADING SYSTEM AND ON THE DEMAND REACHING US SUPPLIERS FOR PRODUCTS IN WHICH WE HAVE COMPARATIVE ADVANTAGE.

5. JAPANESE SUPPLIERS SHOULD, UNDER US CONDITIONS, GO BANKRUPT, BUT THEY SEEM RARELY TO DO SO. WE MIGHT HYPOTHE-
SIZE THAT THE BANKING SYSTEM IS BAILING THEM OUT WITH
GOJ SUPPORT.

6. ONE AVENUE OF APPROACH PROPOSED BY THE ROKG IS TO SET
UP TARGETS ON IMPORTS BY COUNTRY OF ORIGIN IN ORDER TO PUT
PRESSURE ON IMPORTERS TO BUY MORE FROM THE US AND LESS
FROM JAPAN, UNLESS, OF COURSE, THEY INCREASE THEIR EXPORTS
TO JAPAN. BILATERAL BALANCE WHICH IS IMPLIED BY THIS
APPROACH AND THE NON-MARKET METHOD OF ACHIEVING IT, HOWEVER,
LEAVES US DISTINCTLY UNCOMFORTABLE. DIFFICULTY IN
ADMINISTERING SUCH A SYSTEM, MOREOVER, MAY FINALLY CAUSE
THE ROKG TO ABANDON IT, DESPITE THE FACT THAT THE ROKG NOW
SEEMS TO REGARD COUNTERVAILING US PROTECTIONISM AS A
GREAT DANGER.
STERN

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NNN

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